



**Senate Energy, Utilities and Communications Committee
The Negawatt: Utility Energy Efficiency Programs and Progress**

March 16, 2010

Who We Are

DRA is the independent consumer advocacy division of the California Public Utilities Commission with a statutory mandate to obtain the lowest possible rate for utility service consistent with reliable and safe service levels

Problems with Energy Efficiency Programs

Energy Efficiency programs (*funded only by ratepayers*) are not achieving optimal energy savings as laid out in the Commission's EE Strategic Plan due to implementation and administration problems

DRA Recommendations

Eliminate Shareholder Incentives

- Incentives promote program designs that maximize shareholder incentives instead of long-term energy savings
- Ratepayers already pay for EE programs and administration – they should not have to also pay for incentives, especially when shareholder investment is not at risk
- Shareholder incentives continue to be awarded without independent verification of achieving results

Increase EE Goals to achieve AB 32 objectives and expectations

- EE can achieve GHG emission reductions at the lowest cost
- Current IOU EE portfolios fall short of AB 32 scoping plan expectations
- EE savings goals should be expanded to include broad types of strategies and sources consistent with EE potential studies as outlined in the Commission's Strategic Plan

Market Transformation (MT) goals, criteria, and metrics should be formalized

- MT goals were articulated in the Commission's 2008 Strategic Plan, but there has been little progress in their implementation
- Current EE programs continue to spend ratepayer dollars on programs that no longer need subsidies
- Revise EE programs to better address current market needs consistent with the Commission's Energy Division's 2006-08 Evaluation Report and other studies that identify transformed markets (example: CFLs)
- Explore other program administrative options that can facilitate market transformation and energy savings more cost-effectively